



Department of Justice

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HOGSETT ANNOUNCES ADMISSION OF GUILT BY FOUNDER OF RUSSELL FOUNDATION AS OFFICE PREPARES FOR TRIAL FOR REMAINING DEFENDANTS

Defendant Russell admits to using charitable foundation to defraud investor of \$1.7 million

PRESS RELEASE

INDIANAPOLIS – Joseph H. Hogsett, the United States Attorney, announced this afternoon that Michael Russell, age 54, has pleaded guilty to all twenty counts filed against him, and has admitted to defrauding an Indianapolis investor out of \$1.7 million over the course of six months in 2007. Russell had been indicted in late 2011 with wire fraud and money laundering charges related to the operation of the Russell Foundation, along with alleged co-conspirators Paul Bateman, age 58, and Manuel Gonzalez, age 53.

“It is a sad day when our community leaders fall short of the standards that the public expects and deserves,” Hogsett said. “But it would be even more tragic if these acts went unnoticed or unpunished, and this Office reaffirms today our dedication to aggressively targeting and prosecuting instances of corruption here in Indianapolis and across the state.”

The Russell Foundation, an Indianapolis-based organization founded in 2003 by Michael Russell, was ostensibly a religiously-affiliated nonprofit intended to provide community leadership and poverty relief. Russell admitted today that it instead served as the vehicle for roughly \$1.7 million in fraudulent activity.

In admitting his guilt, the Russell acknowledged that in early 2007, he and his alleged co-conspirators solicited \$702,000 in investment money from an Indianapolis victim. The victim was told by Russell that he planned to fund the Foundation by investing in ethanol production through a company called Indiana Ethanol Capital Investments, which was organized as a limited liability corporation in February 1, 2007, with Paul Bateman listed as president. Bateman also allegedly served as “Chief Administrative Officer” and the “Chief Corporate Officer.”

Russell has admitted that he and his alleged co-conspirators then met with the victim to urge him to invest in the company. Bateman allegedly accepted five checks totaling \$702,000 between February and April, 2007, almost all of which was deposited in Bateman's personal bank account and spent on expenses other than the production and distribution of ethanol over the next 45 days.

Russell also admitted that in 2007, he and his alleged co-conspirators again solicited money from the victim, successfully urging him to invest \$1 million in a corporate bond for the Russell Foundation. Russell now admits that this money was spent over the course of thirty-three days after it was received by the defendants.

The indictment filed in December 2011 lists a number of purchases made using the investor's money. Russell today admitted to a number of these purchases, including: entertainment, more than \$25,000 in clothing, jewelry, travel, eight vehicles with a combined purchase price of \$228,000, the payment of Bateman's personal income tax liability, the payment of Russell's rent for his residence, and various personal checks.

The indictment filed in December 2011 also alleges that the co-conspirators used Mr. Bateman's elected position, and that of a high-ranking Indianapolis Metropolitan Police Department official, to provide the appearance of credibility, respectability, and legitimacy to their activities.

Bateman still faces eight counts of wire fraud and ten counts of money laundering. The third defendant, Gonzalez, held a number of titles for the Foundation, including "Chief Financial Advisor" and "Chief of Latino Affairs," and was charged with three counts of wire fraud and two counts of money laundering. Both Bateman and Gonzalez are currently scheduled to go to trial on these charges in early February.

The charges were the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division. An indictment or charge is an allegation only, and the defendant is presumed innocent unless and until proven guilty at trial or by guilty plea.

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